



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



DECEMBER 5, 2000

St. Louis Summit Raises Crucial Issues (first of three parts). *Agricultural Transportation Challenges of the 21st Century* was the theme of the USDA-sponsored transportation summit, held in St. Louis, MO, November 28-29. As USDA Under Secretary Michael Dunn stated in his opening comments, the event was intended to address questions raised during the initial July, 1998, transportation summit held in Kansas City, MO. At that time, agriculture, along with other commodity sectors, was acutely and adversely affected by problems in rail transportation that had resulted largely from mergers and consolidations within the rail industry. The 1998 summit was held to establish a discussion framework for the most recent St. Louis forum and determine strategic directions which would maximize the efficiencies and benefits to both transportation and agriculture. Dick Fleming, St. Louis Chamber of Commerce, also took part in opening the summit, referring to the city as the "center of the bio belt" and noting its status as the Nation's second largest rail center and the second largest inland port.

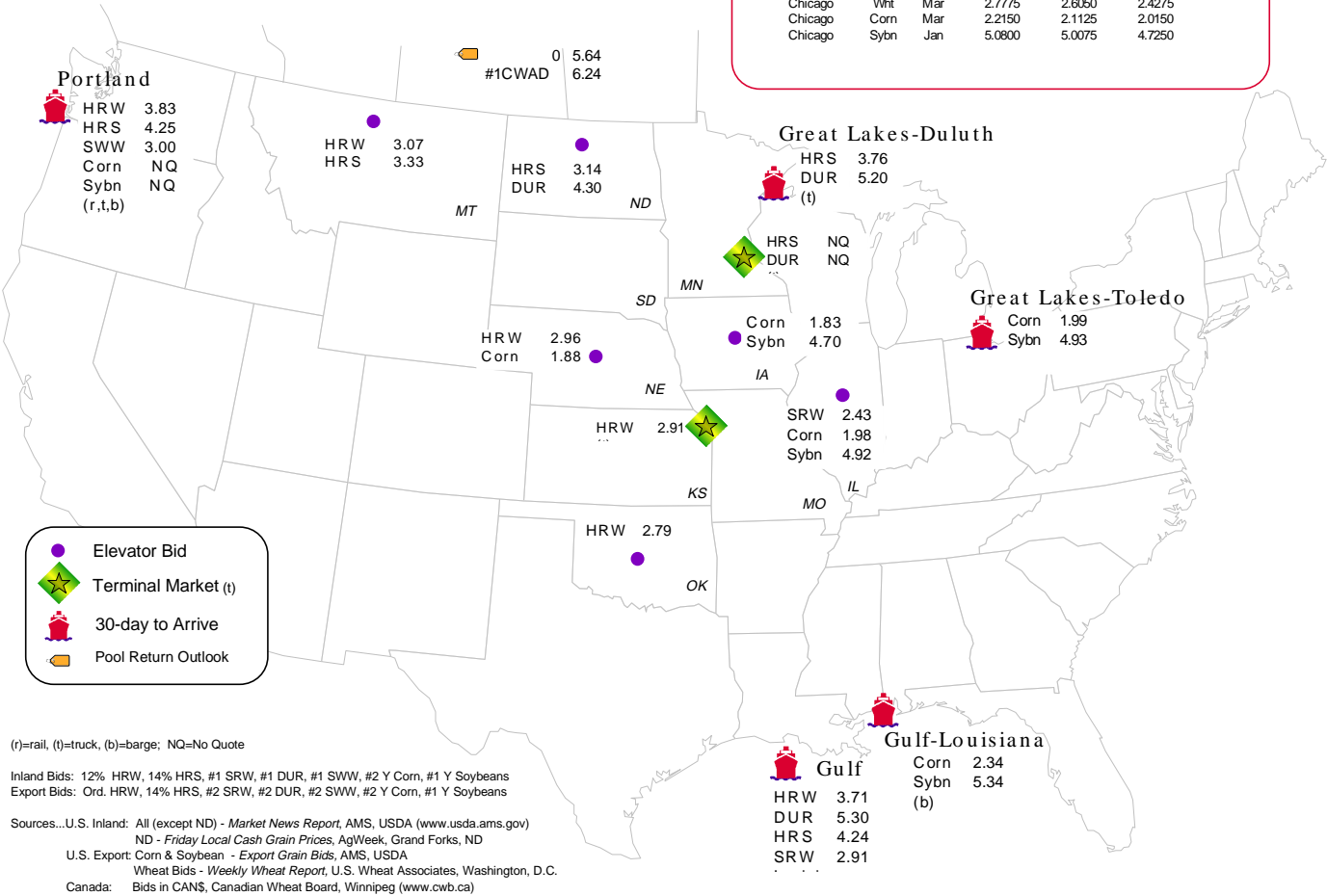
Initial discussions focused on the need for increased communication and fast, accurate, low-cost transportation networks. Changes in transportation must necessarily coincide with changes in business and trade policy. The North American Free Trade Agreement, for example, will require freight to be transported in a north-south direction, instead of in the traditional east-west direction. It is expected that the rail industry will continue to be challenged by such things as mergers, consolidations, and congestion issues. Trends in motor freight indicate that industry's increasing importance. It was noted that U.S. motor carriers increased from 18,000 in 1980 to 500,000 currently. It is expected that air cargo will quadruple through 2025, necessitating a doubling of the carrier fleet during that period. Ocean carriers are getting increasingly larger, and container movements are increasing in importance. It was also noted that, despite the fuel efficiency and economic and environmental advantages of the inland waterway system, pressure on that industry continues to mount from the public, particularly environmental groups. An expected increase in metric tonnage, without waterway system improvements, is expected to further exacerbate barge delays and increase costs to shippers, producers, and, eventually, consumers.

U. S. Department of Transportation (USDOT) Assistant Secretary, Eugene A. Conti, expressed USDOT's strong emphasis on transportation safety but also mentioned USDOT's commitment to improving infrastructure and preserving rural areas through economic and community development. The challenges, according to the Assistant Secretary, are that transportation must be intermodal in nature, intelligent in character, and inclusive in service. He also predicted that global positioning satellite systems will play an increasingly important role in achieving efficiencies in transportation.

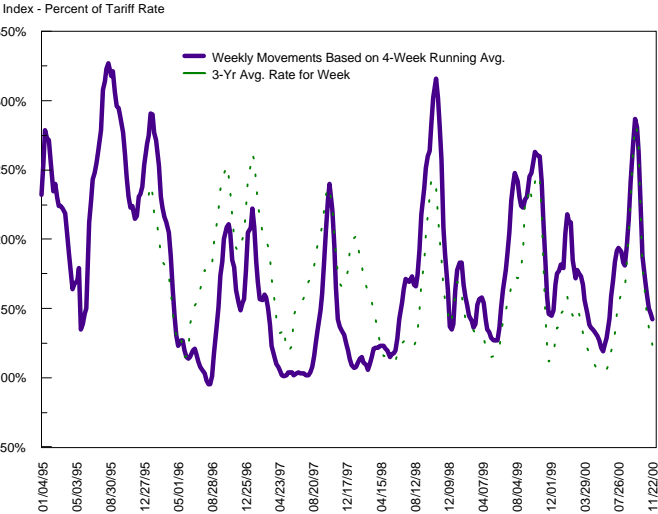
Surface Transportation Board (STB) Chairman Linda Morgan discussed rail merger policy, for which the final rules will be available in June, 2001. According to Chairman Morgan, future analysis must reflect lessons learned, competitive concerns, and associated risks and issues (i.e., future rail consolidations must outweigh potential harms). Accountability and responsiveness to the market will be integral to future merger policy. Chairman Morgan also mentioned that the STB will continue to review merger alternatives and that future policy will emphasize enhancing, instead of simply preserving, competition and improving service. Of the comments received by the STB concerning merger policy, Chairman Morgan noted that, generally, shippers asked for more specificity, enhanced competition, and additional protection from service disruptions. Smaller railroads asked for more specificity related to their rights, while Class 1 railroads asked that policy not be reregulatory and that the merger process should not take longer than necessary. The STB's primary concern is that future merger proposals be in the public interest. Discussions also included several private-sector initiatives that may improve service, such as emphasis on e-commerce and its ability to serve customers of various size, and service cooperation among carriers, including the trucking sector. The STB also promotes increased communication and an improved relationship between smaller and larger railroads, ensuring the continued viability of the feeder system. The key, according to Chairman Morgan, is to improve customer relations and service through communication and reliability. This will eventually lead to a stronger rail sector. (*Next Week: Inland Waterway System, Railroad Service*)

Major Farm Bill Changes Unlikely, Exports Expected To Increase. A close Congressional split will make it "more difficult" for there to be any "profound differences" to the 1996 Farm Bill, according to U.S. Agriculture Secretary, Dan Glickman. Speaking recently with *Bridge News*, Secretary Glickman cited the close split in the Senate and House as possibly preventing lawmakers from even beginning work next year on the 2002 Farm Bill. In other news, USDA predicted that exports will increase during fiscal year 2001. "The growth we're seeing is virtually across the board," according to Tim Galvin, head of USDA's Foreign Agricultural Service. Increased sales to Asia, including Japan, the number one importer of U.S. farm goods, as well purchases by Canada and Mexico, the second and third largest importers of U.S. farm goods, respectively, will help raise the forecast for farm exports to \$53 billion during the current fiscal year. (*Bridge News 12/5, Bloomberg 12/4, Reuters 12/4*)

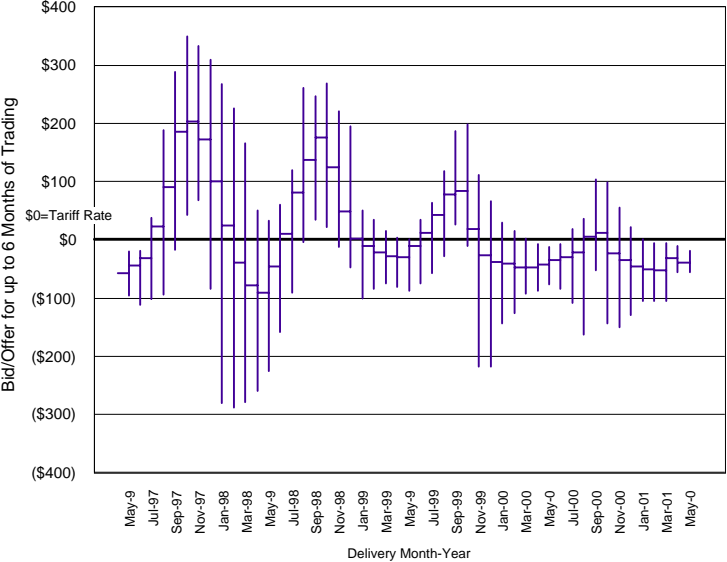
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings

Delivery for:	Dec-00		Feb-01	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,540	22%	9,712	1%
UP-GCAS	5,400	2%	5,400	0%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Dec-00	Jan-01	Feb-01	Mar-01
BNSF-GF	\$22	\$1	\$(6)	\$(9)
UP-Pool	\$6	\$(12)	\$(26)	\$(26)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;
GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jan-01	Feb-01	Mar-01
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate	
			Bid	Offer
12/5/00	St. Louis	twk	125	135
		nwk.	130	135
		2 nd half Dec.	130	140
		Jan.-Mar.	130	140
	Illinois River	twk	160	170
		nwk.	170	175
		12/17	170	180
	Lower Ohio	twk	135	145
		12/17	140	145
		Jan.	150	155
		Mar.	140	145

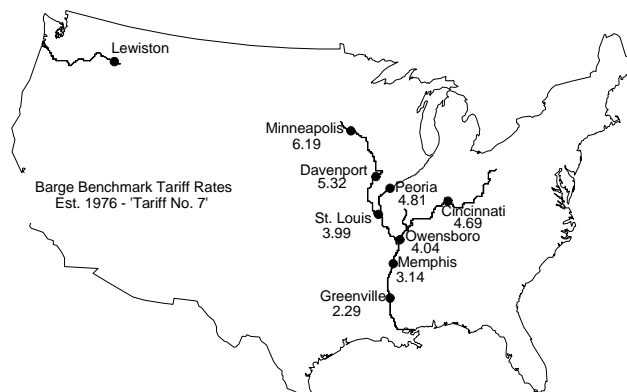
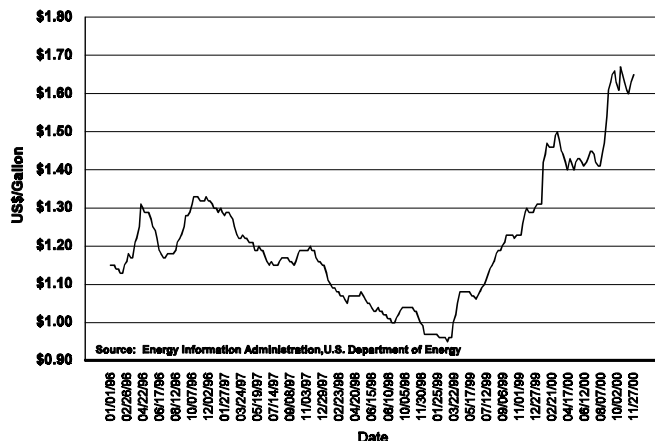
Southbound Barge Freight Spot Rates

	11/29/00	11/22/00	Dec. '00	Feb. '00
Twin Cities	0	0	0	0
Mid-Mississippi	150	140	0	0
Illinois River	142	138	162	176
St. Louis	120	116	125	130
Lower Ohio	140	134	143	147
Cairo-Memphis	113	111	118	122

Source: Transportation & Marketing /AMS/USDA
nq=no quote;

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

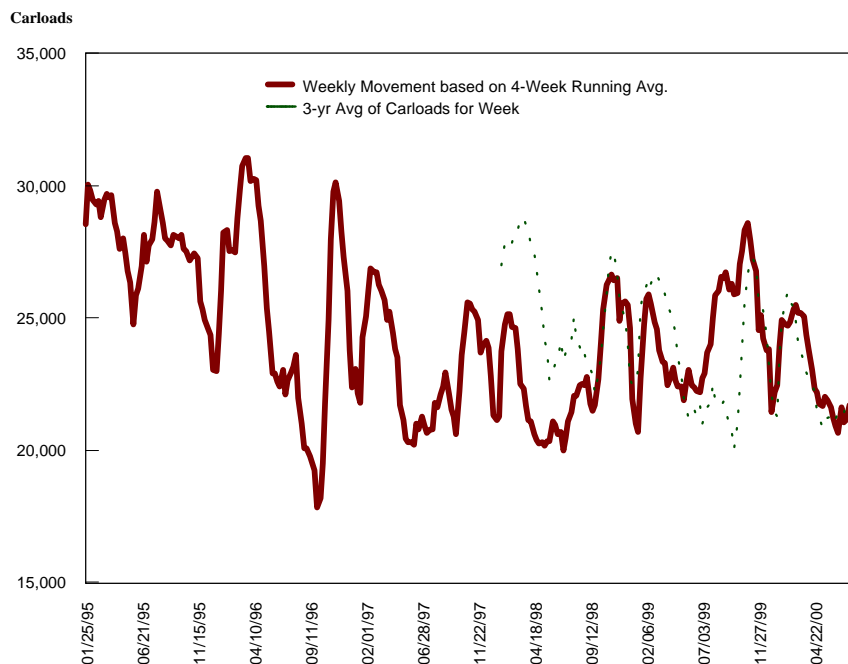
*Tended rates

Weekly Retail Diesel (Road) Prices (Including Taxes)

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
11/04/00	21,687
11/18/00	21,595
11/25/00	17,261
Year to Date - 2000	1,091,442
Year to Date - 1999	1,156,500
Total 1999	1,269,741
Total 1998	1,186,117

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

			East			West		Canada	
	Conrail	CSXT	IC	NS		BNSF	KCS	UP	CN CP
11/25/00	0	2,223	0	2,451	7,415	361	4,811	3,948	4,313
This Week Last Year	0	2,481	1,340	1,798	7,377	469	5,621	3,292	4,307
2000 YTD	0	133,716	70,155	140,330	386,511	24,729	336,001	139,466	218,513
1999 YTD	15,522	118,552	80,596	124,331	423,096	30,909	364,494	108,784	189,048
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 Total	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

December 2000

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
12/04/00	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
12/04/00	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
12/04/00	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
12/04/00	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
12/04/00	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
12/04/00	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
12/04/00	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
12/04/00	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
12/04/00	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,680	\$29.54	\$0.80
12/04/00	61180	Soybean	Omaha, NE	Portland, OR	\$2,430	\$26.79	\$0.73
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

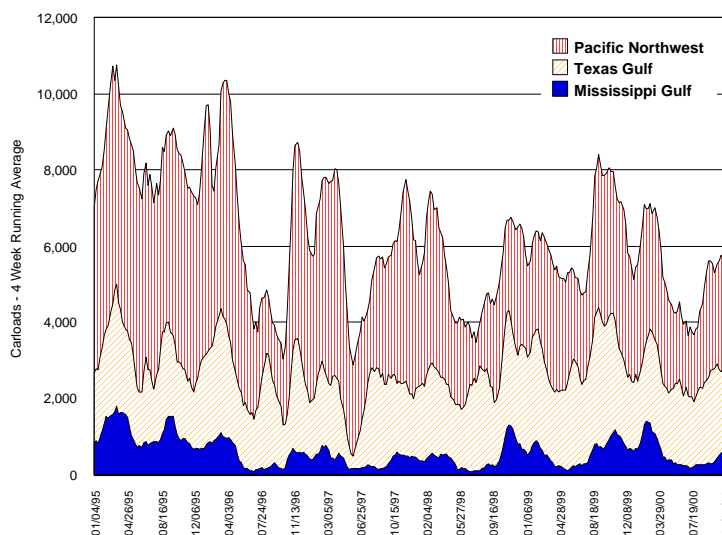
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

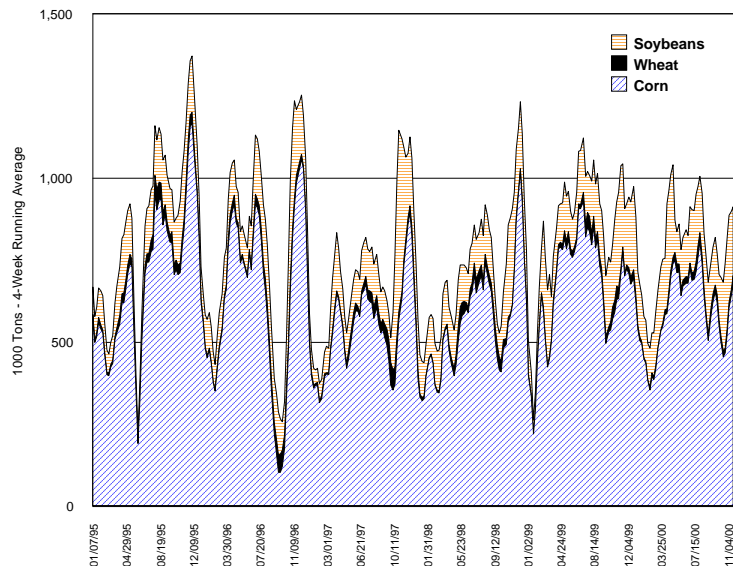
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
10/25/00	558*	2,114	3,339	633
11/01/00	640*	2,190	1,993	826
11/08/00	231*	1,701	2,780	455
11/15/00	106*	1,870	2,043	519
11/22/00	230*	1,794	1,901*	358
11/29/00	309*	1,827	1,218*	367
YTD 2000	24,641*	99,370	121,996*	14,010
YTD 1999	27,335	124,894	149,469	13,455
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port

(*) Incomplete Data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 11/25/00

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	408	36	157	603
Winfield, MO (L25)	438	20	141	652
Alton, IL (L26)	591	23	170	838
Granite City, IL (L27)	653	32	173	913
Illinois River (L8)	126	3	25	154
Ohio (L52)	88	10	31	166
Arkansas (L1)	0	12	0	12
2000 YTD	30,590	2,293	9,305	43,873
1999 YTD	33,362	2,635	8,435	46,804
Total 1999	36,711	2,883	9,771	51,887
Total 1998	31,001	2,401	8,674	45,134

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers; n/a=not available

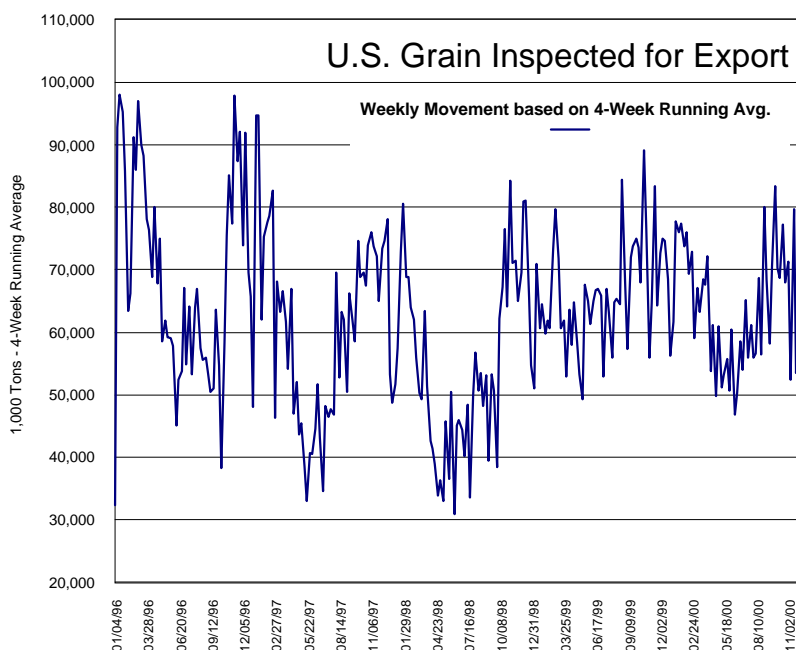
U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
11/23/00	1,097	374	979	782	301	3,533	6,224	5,263	15,020
This Week Year Ago	1,017	669	947	484	275	3,393	8,387	5,165	16,945
<u>Cumulative Exports-Crop Year</u>									
99/00 YTD	4,947	2,444	2,665	2,437	597	13,090	11,144	7,746	31,980
98/99 YTD	6,337	1,918	2,732	2,003	453	13,443	12,190	17,713	43,346
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
11/30/00	203	68	17	85	779	506	110	46	6
2000 YTD	9,068	5,715	1,588	6,187	32,627	16,196	6,576	464	968
1999 YTD *	9,046	8,391	1,002	6,405	32,456	13,375	8,173	549	1,338
% of Last Year	84%	131%	244%	123%	104%	109%	90%	83%	69%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

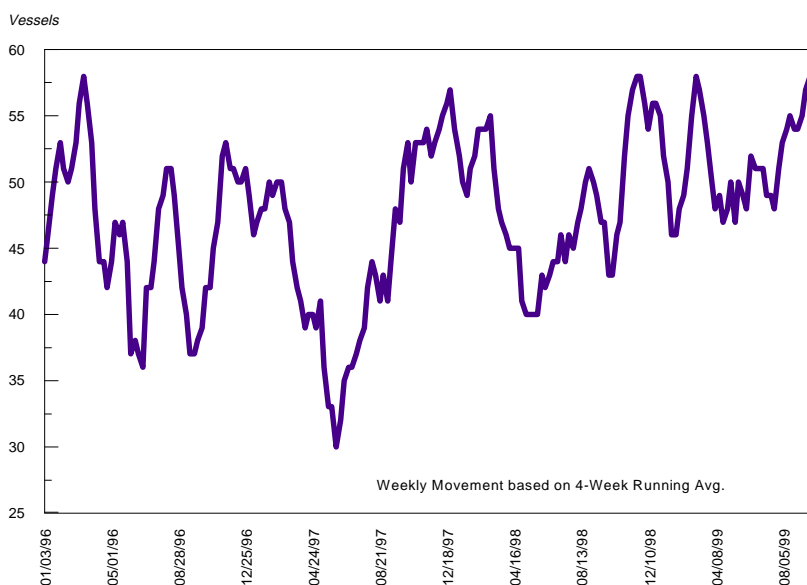
**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 12/01/00			
Vancouver	2,428	159	312
Prince Rupert	63		0
Prairie Direct	405	131	69
Thunder Bay	432	125	8
St. Lawrence	1,172	810	0
2000 YTD Exports	4,500	1,225	404
1999 YTD Exports	4,310	1,276	409
% of Last Year	104%	96%	99%

Source: Canadian Grains Commission

YTD-Year-to-Date Crop Year 8/1-7/31



**Gulf Region
Vessels Loaded
- Past 7 Days-**

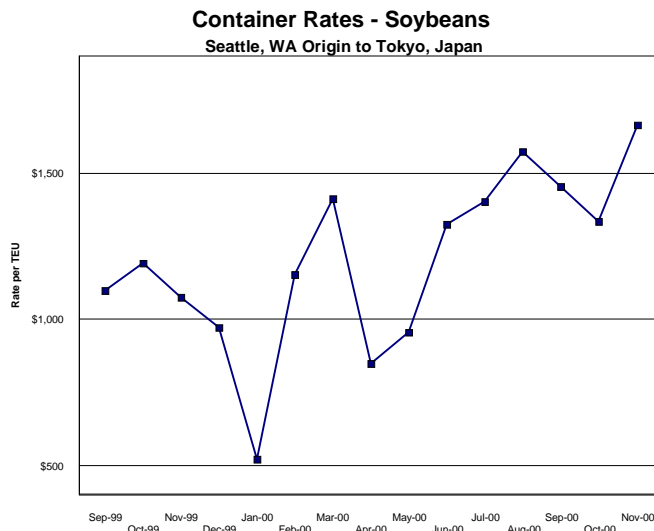
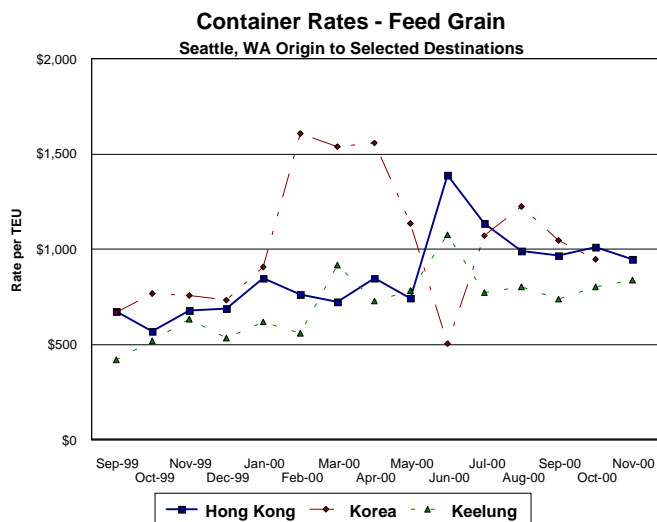
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
11/23/00	43	43	72	9			17	9	4
11/30/00	49	54	83	6			19	11	5
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

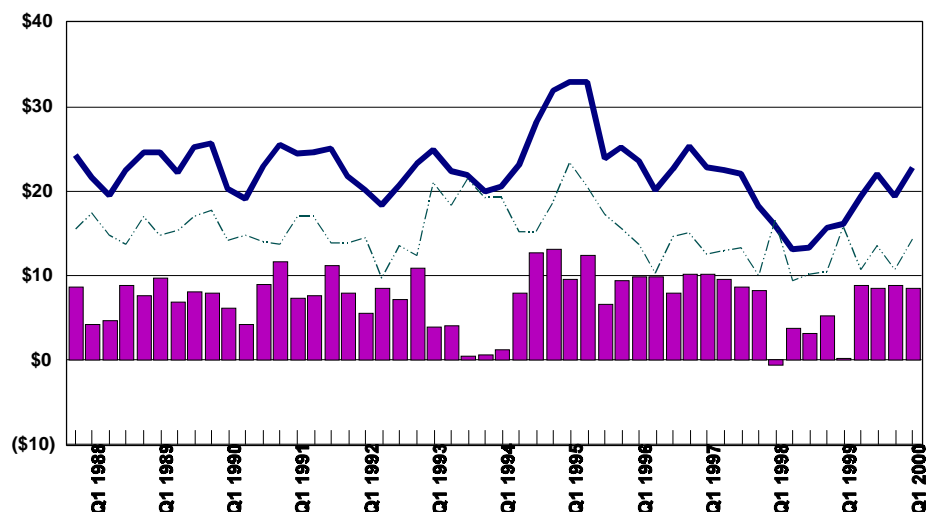
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

— Rate - Gulf to Japan
 - - - Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean
Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2000 3 rd Qtr	1999 3 rd Qtr	% Change		2000 3 rd Qtr	1999 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$24.76	\$19.46	27%	Japan	\$15.43	\$10.71	44%
Mexico	\$16.11	\$14.97	8%	Red Sea/ Arabian Sea	\$29.03		
Venezuela	\$15.13	\$12.64	20%				
N. Europe	\$18.07	\$13.31	36%	Argentina to			
N. Africa	\$34.19	\$18.20	88%	N. Europe	\$18.62	\$13.94	34%
				Japan	\$36.42	\$23.00	58%

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 12/2/00

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Mexico	Heavy Grain	Dec.	20,000	\$9.10
Gulf	Lisbon/Denmark	Grains	Spot	37,000	\$13.51
Gulf	Japan	Heavy Grain	Dec.9/22	54,000	\$23.20
Gulf	Japan	Heavy Grain	Dec.17/28	54,000	\$22.85
Parana River	Spain	Meals	Spot	30,000	\$21.00
River Plate/B. Blanca	Jordan	Wheat	Dec.14/22	57,000	\$18.25
Rotterdam	Saudi Arabia	Barley	Spot	55,000	\$13.50

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option